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Slaughter of cattle is increasing over a year ago, but not as rapidly as hog slaughter is declining.

Farmers began cutting down on hog production early last fall. The number of sows farrowing has been below a year earlier in each month since last September. During most of the fall, winter and spring, hog prices declined, feed prices were relatively high and the hog-corn ratio was below average.

Beginning in early May, hog slaughter dropped below a year earlier. Prices moved up sharply but have since declined some. Although the hog-corn ratio became more favorable to hog producers, it was still below average in mid-June.

The outlook is that hog slaughter will stay below a year earlier well into 1953. The 1952 spring pig crop was 9% smaller than last year's. The fall crop also will be smaller. Farmers reported to BAE about June 1 that they intended to have 9% fewer sows farrow pigs this fall than a year earlier.

Prospects are that hog prices may rise further to a seasonal high in late summer or early fall. The seasonal decline this fall may be no greater than usual; prices during the period are likely to be as high or higher than a year earlier.

The slaughter trend for cattle is in the opposite direction. Commercial slaughter the first half of this year was a little above the same period last year; the gain is likely to be larger in the last half of 1952.

Increase in cattle slaughter for the year, however, is not likely to be large enough to check the expansion in the number of cattle on farms. Last year, the number rose 6 million head to total the highest on record at the beginning of 1951. This year, a gain of 5 million head or more is likely unless marketings are boosted substantially the rest of 1952.

Cattle prices are likely to remain somewhat below a year earlier through 1952. Some gain from present levels is expected for fed cattle early this fall. Prices of cattle marketed from grass probably will fall seasonally as marketings rise as the grazing season ends.

PRICES The index of prices received by farmers moved a little lower from mid-May to mid-June. Declines in prices for meat animals, dairy products, wheat, oats, barley and several important truck crops were mainly responsible. Cotton, some fruits, potatoes, corn, most oil bearing crops, eggs and poultry were higher.

Sharp declines in prices of feeder and replacement livestock and smaller declines in feed prices reduced the index of goods bought for farm production 3% in the past month. On the other hand, prices of things farmers buy for family living moved a little higher to equal the record of last December.

Prices at wholesale and retail have changed little, on the average, in recent weeks.

BUSINESS ACTIVITY A record flow of spending is keeping the economy on a high level. Consumer buying has picked up with retail sales rising nearly 5% in April-May. Sales by manufactures and wholesalers also are up. Government expenditures for defense continue to rise while spending for new construction in May set a new record for the month. Business men planned to increase spending for plant and equipment in the second quarter of this year, according to surveys made earlier.

Industrial production is being reduced by the work stoppage in the steel industry. If the halt in steel output continues, the reduction in the income of workers would weaken the demand for food and other farm products. Furthermore, smaller supplies of steel would tend to push upward on prices of some farm production goods.

DAIRY PRODUCTS With milk production now declining, farmers' prices for milk and butterfat probably will rise seasonally to a peak in late fall or early winter. Wholesale prices of most dairy products are about the same as a year earlier.

POULTRY AND EGGS Poultry producers this spring were squeezed by low prices and high costs. Egg prices were far below a year earlier while feed costs were the highest in 30 years except for 1947-48. Prices received by farmers for eggs rose seasonally from mid-May to mid-June but remained well below June 1951.

Broiler prices in June recovered some of the loss of the preceding 2 months but remained lower than in the first part of 1952. Placement of broiler chicks in June continued below a year earlier.

Marketings of chickens from farms are increasing seasonally. Farmers' prices in mid-June averaged 21.6 cents per pound compared with 22.3 in mid-May.

FATS AND OILS Prices of edible vegetable oils and lard declined in recent weeks after rising in May and early June, prices of drying oils are about the same as in May but soap fats have gone up. Wholesale prices of fats and oils except butter in June averaged about the same as in May but were well below June 1951.

Output of primary edible fats and oils is expected to fall below a year earlier this summer. In the first half of the October 1951-September 1952 marketing year, production was a record.

FEEDS Prospects for 1952 feed crops are the main factor in the outlook for feed grains in the next few months. First official production forecasts for the 1952 crops will be published by BAE on July 10. From mid-May to mid-June, corn and sorghum grain prices moved a little higher while oats and barley declined.

WHEAT Cash wheat prices continue to move downward as the new crop is harvested. On June 23, No. 2 Hard Winter Wheat at Kansas City was 32 cents below the loan rate for the 1952 crop. Quantity of the wheat placed under loan this year is expected to be the largest since 1938 when the program was begun.

The carryover of old wheat on July 1 probably was about 250 million bushels which is below average. Because of the large crop in prospect, stocks at the end of 1952-53 are likely to about double this amount.

FRUIT AND VEGETABLES Demand for deciduous fruits by canners probably will be weaker this year than last, mainly because stocks are larger and military requirements for canned items are expected to be smaller.

Supplies of oranges for this summer will be smaller than last while supplies of grapefruit will be about the same. Much more frozen citrus juices will be available but supplies of canned juices are smaller.

Potato prices rose sharply after ceilings were revoked in early June and have fluctuated widely since.

Stocks of canned and frozen vegetables on May 1 were well above those of a year earlier. Acreage indications in early June pointed to adequate supplies of most vegetables grown for canning and freezing this year. The military services probably will take smaller quantities of processed vegetables in 1952. Civilian consumption, however, is expected to be at least as high as in 1951. Retail prices are expected to stay close to current levels the rest of this year.

Price ceilings on fresh and processed fruits and vegetables were eliminated by the new law recently enacted.

COTTON Cotton prices moved upward during the last half of May and June. Increased buying by mills and light offerings of some qualities were mainly responsible for the rise.

The average daily rate of mill consumption in May was 3.8% above April. The trend usually is downward at that time of year.

WOOL U. S. mills consumed almost a fourth less apparel and carpet wool in the first 4 months of this year than in the same period of 1951.

Wool prices received by farmers averaged 51.8 cents a pound in June, about a cent above May but 49 cents below a year earlier.

TOBACCO Prices for the 1952 flue-cured tobacco crop probably will average close to last year's level of 52.4 cents per pound. U. S. demand is expected to continue strong but export demand will be weaker.

